

NCF

Northcountry Cooperative Foundation



Annual Report

*Transforming lives and communities
through cooperative enterprise*

2022

A Message from NCF



Victoria (Tory) Clark-West
Executive Director

Thanks to our supporters, NCF accomplished a year of capacity building in 2022. As always, the dedicated leaders in our partner cooperatives led the way with their energizing work. Several manufactured home co-ops wrapped up critical community improvement projects, including Zumbro Ridge Estates, which connected to municipal sewer service—a project five years in the making!

People are our greatest asset as an organization, and I am thrilled to tell you about the new board and staff members we welcomed in 2023. Three new directors joined the NCF Board in the spring. The new directors all come from nonprofit lending and finance backgrounds, proficiencies that are guiding NCF's strategic direction as we grow our loan fund.

We also welcomed three new staff members. Dan Gordon, our second fluent Spanish speaker, has increased our ability to serve the growing number of Spanish-speaking households in our partner co-ops. Kathleen Richert, a seasoned educator, joined our team to provide more varied and streamlined educational resources for co-op leaders. We also welcomed Michelle Dobbartz, a successful grant writer, to strengthen our fund development.

Thanks to this increased capacity, we were able to lay the groundwork for a number of exciting cooperative development projects.

We helped five manufactured home co-ops secure a total of \$5.9 million in state investment for community infrastructure projects. This is the largest round of state grant support our partner co-ops have secured—these resources are made possible by our community's support of NCF's advocacy work.

2022 was a big year for our loan fund as we raised the seed capital to get the fund officially off the ground. We look forward to making our first loans to cooperatives in the year to come.

We also secured funding to pursue the development of new-construction manufactured home cooperatives and build organizational capacity to support multifamily (apartment) building co-op projects. Our team is excited to grow the impact of cooperative housing through these new initiatives in the coming year.

I am grateful to each and every one of you for your continued support. Thanks for believing in cooperatives and the people who power them.

In Cooperation,

A handwritten signature in black ink, appearing to read 'Victoria West', written over a white rectangular background.

About NCF

Northcountry Cooperative Foundation helps low-income and historically marginalized communities in Minnesota, Wisconsin, and Iowa take control of their futures through cooperative ownership. We specialize in the development and support of affordable housing cooperatives, providing low-income residents with technical expertise and organizational support needed to create successful cooperatives and sustain them in the long-term.



Development

We help co-ops assess project feasibility, secure financing, and develop strong organizational and management structures.



Technical Assistance

We help ensure cooperatives thrive by providing tailored technical assistance, training, continuing education, and peer-to-peer engagement opportunities.



Advocacy

We work with co-op leaders to advocate for legislation that advances cooperative ownership.



Lending

We provide customized financial tools to help cooperatives and their members improve their homes and communities.

Impact 2022



Helped an emerging manufactured home co-op secure a grant to **fully fund the acquisition** of their community.



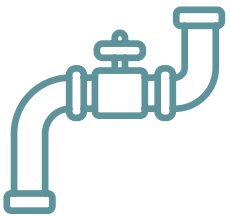
Secured **\$5.9 million in grant funding** for co-op infrastructure and community facilities projects.



Raised seed capital for the Cooperative Housing Loan Fund.



Delivered **2,911 hours** of technical assistance and training to co-ops.



Helped a co-op **transition from a private sanitary sewer** system to municipal service.



Developed a **manual and business planning tool** to guide co-ops through the process of filling vacant lots with new manufactured homes.



Hosted the 6th annual **co-op leadership and education conference**, Common Ground.



Raised money for a working capital fund to enable pursuit of new, mission-rich co-op projects.



Created **two new staff positions** to support co-op housing and **developed a Loan Committee**.

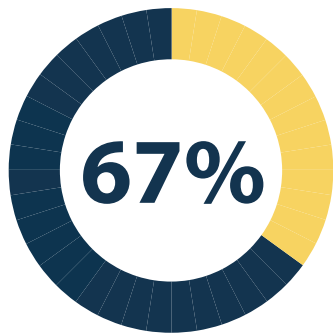


Advocated for **\$55 million in additional funding** for manufactured home co-ops in MN.

Impact NCF

\$33.5M

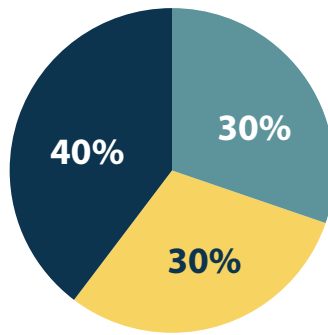
Financing secured for manufactured home co-op purchases since 2004.



The percentage of NCF-supported co-op households with incomes at or below 50% Area Median Income.

\$5.5M

Amount invested in property improvements by NCF partner co-ops in the last five years.

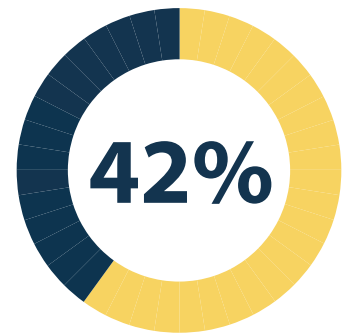


Age demographics of NCF-supported co-ops:

- 17 years or younger
- 18 - 55 years old
- 55+ years old

\$37.9M

Estimated value of real estate assets in community control as a result of co-op purchases.



The percentage of households of color in NCF partner cooperatives.

The median annual carrying cost ("rent") increase in NCF-supported manufactured home co-ops. The average market rent increase is 5% annually.

0.87%

The number of manufactured home units preserved through co-op ownership since NCF's first project in 2004.

1,000

Co-ops secure \$6M in state grants to improve infrastructure and fund acquisition of new co-op

One of the biggest challenges for the resident-owned manufactured home co-ops NCF supports is preserving and maintaining the community's private water, sewer, and road systems.

As part of its ongoing advocacy efforts at the Minnesota Capitol, NCF fought for and established the creation of the Minnesota Manufactured Home Community Redevelopment Program (MHCR) at Minnesota Housing.

A historic \$9.5 million was awarded through the MHCR program in 2022, the largest funding cycle in the program's history.

NCF-supported resident-owned communities received the vast majority of the funding in 2022, totaling nearly \$6 million in infrastructure and acquisition projects. The two largest grants were awarded to resident-owned cooperatives.

Bennett Park Cooperative in Moorhead received the largest grant award at \$2.6 million.

The funding will help Bennett Park with long overdue infrastructure rehabilitation, including replacing sewer pipes, repairing water mains, and resurfacing roads.

The infrastructure upgrades along with the replacement of several abandoned homes will allow Bennett Park to make critical improvements while maintaining the community's affordability.



Members of the El Nuevo Amanecer (The New Dawn) Cooperative pose for a photo after closing on the financing to purchase their community. Pictured left to right: Blanca Nuñez (Treasurer), Humberto Padilla (President), and Amanda Salazar (Vice-President).

"We're so excited to get started. The community needs a lot of improvements. Our roads are covered with potholes. If you live on the edges of the park, the water pressure is terrible. My hope is that someday people will drive by and say 'oh, that place is really nice,'" Bennett Park board member Evangelina Lopez said.

Five Lakes Cooperative in Fairmont was awarded \$2.2 million to complete street improvements and construct a new storm shelter. Madelia Mobile Village Co-op in Madelia was awarded \$500,000 to construct a new storm shelter.

For the first time in the MHCR program history, a grant was awarded to an emerging resi-

dent-owned community in Gaylord, MN to fully-fund the acquisition of the community.

The members of the newly-incorporated El Nuevo Amanecer (The New Dawn) Cooperative used the grant to purchase their 31-unit community in March 2023.

The purchase of El Nuevo Amanecer is the first co-op acquisition NCF facilitated entirely in Spanish.

El Nuevo Amanecer provides critical workforce housing in the region and the MHCR award preserves the affordability of the community for generations to come.

Building on Common Ground: co-op leaders grow together during annual peer learning event

Every year NCF brings together leaders from housing co-ops across Minnesota and Wisconsin for an educational event called Common Ground. The event is an essential opportunity for co-op leaders to connect, network, and learn together in a shared community.

After two years hosting the event entirely online, leaders were able to come together for a hybrid conference—with both virtual and in-person events.

Participants attended sessions on the fundamentals of co-op governance, strategic planning, preparing for debt restructuring and refinancing, and weatherizing manufactured homes.

The closing session focused on filling vacant manufactured home lots with new homes, which included representatives from Home Source, Inc., a Minnesota-based manufactured home sales agency.

The in-person event was hosted by the newest co-op in NCF's network, Woodlawn Terrace Cooperative (WTC), where leaders were able to tour custom new homes recently brought into the co-op.

WTC Board members shared their infill strategy and experience along with representatives from Home Source in a session that provided actionable information for other co-ops as they develop



Common Ground participants pose for a photo during a tour of new homes at Woodlawn Terrace Cooperative in Richfield, MN.

strategies to fill vacant lots.

The event ended with a community dinner and reception where participants had the chance to connect and build relationships with leaders from other co-ops.

NCF was pleased to broaden the reach of Common Ground this year by providing real-time Spanish language interpretation of all conference sessions and events.

Common Ground attendance increased by 35% over 2021 with participants from seven different co-ops across Minnesota and Wisconsin.

“The chance to get the co-ops all together is really valuable. It’s helpful to be able to talk to other communities about how they are doing things—comparing costs for different projects, sharing vendor information, how they maintain infrastructure, sharing tricks for getting things done.”

—Danial Wait
Stonegate Cooperative
Board President

Zumbro Ridge Estates connects to municipal sewer service

Zumbro Ridge Estates (ZRE) connected to the City of Rochester's sewer system in November 2022. Prior to municipal sewer connection, ZRE treated its sewage on-site in a wastewater treatment plant and had a contractor haul treated sewage to a waste processing facility.

An engineering report, commissioned in 2017 when ZRE residents purchased the community, estimated that the treatment plant was nearing the end of its useful life. The report warned that the plant was at risk of failing.

The plant's failure would have dire consequences for the community as well as the surrounding wilderness. The plant was located just a few yards from the Zumbro River, which runs through the northern edge of the community's property.

Aware of the environmental risks of the treatment plant, the Minnesota Pollution Control Agency required that a technician monitor the plant's operations twice daily to ensure sewage from the plant was not leaking into the river.

Like many newly converted resident-owned communities, Zumbro Ridge Estates was faced with addressing maintenance of the community's private infrastructure systems. While the cheapest and easiest path would



Zumbro Ridge Estates, located on the east fork of the Zumbro River, connected to municipal sewer service in November 2022, replacing an outdated, private system.

have been to continue running the sewage treatment plant (as previous owners did), the ZRE Board prioritized long-term sustainability by pursuing connection to the Rochester sewer system.

Connecting to the city sewer system would have more upfront costs but also clear benefits. It would allow the community to decommission the aging treatment plant and eliminate the risks and costs of a sudden plant failure to the community, the Zumbro River and the surrounding area.

Continued on page 9

"I used to worry every day about the [sewer] plant failing. If it had failed, I don't know what we'd do. There would be untreated sludge everywhere and nowhere to put it. I'm so grateful we're on city sewer and don't have to worry about that anymore."

*—Allie Lechner
Zumbro Ridge Estates
Board Officer*

Zumbro Ridge continued from page 8

Completing the sewer connection project was a huge relief for ZRE Board Member Allie Lechner, who oversaw operations and monitoring of the old treatment plant.

"I used to worry every day about the [sewer] plant failing. If it had failed, I don't know what we'd do. There would be untreated sludge everywhere and nowhere to put it. I'm so grateful we're on city sewer city and don't have to worry about that anymore."

Fortunately, the community was able upgrade its sewer infrastructure in a way that was good for the environment and the community without forcing residents to bear the costs. The total cost of the city sewer connection and sewer plant decommissioning was almost \$400,000.

ZRE and NCF were able to secure two government grants to cover the costs: a \$335,000 grant through Minnesota Housing's Workforce and Affordable Homeownership Development Program and a \$420,000 grant through Olmsted County. The Olmsted County grant also includes funding for sewer and water line replacements that ZRE plans to do in the summer of 2023.

The state grant funding enabled Zumbro Ridge to complete this critical infrastructure project while preserving the affordability of the community.

In the absence of government funding, ZRE would have had to borrow money to pay for the project. The cost burden of loan

BEFORE



The old Zumbro Ridge Estates sanitary sewer treatment building, pictured bottom left, was originally constructed in 1967.

AFTER



Zumbro Ridge officially connected to municipal sewer service in November 2022. Demolition of the treatment building was completed in January 2023. The yellow erosion control blanket shown in the photo above shows where the old treatment building was. The fences and green service box are part of the new municipal service connection.

repayment would ultimately fall on ZRE residents, whose lot rents would have jumped by \$30-\$40 a month due to increased loan payments.

Zumbro Ridge has not raised

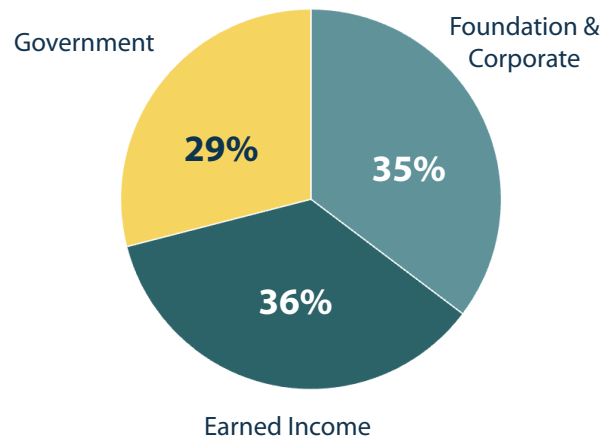
lot rent since 2018 and has the lowest lot rent in the Rochester metro area, keeping the community affordable for low-income households.

Financials 2022

Revenues

Overall revenues were \$1,154,538, a 46% increase from the prior FY. All three revenue categories (Foundation & Corporate, Earned Income, and Government) were the highest in the five years of the organization's history.

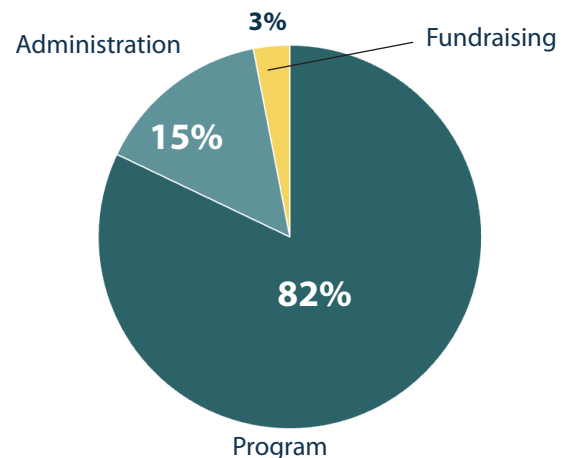
Our Funders
5 Years Average (2018 - 2022)
As per Audited Financials



Expenses

Total expenses were \$1,103,982, of which \$846,535 related directly to our program activities in co-op development and support. NCF reports its overhead ratio based on a five-year average in recognition that this metric can vary year over year with periodic investments in such non-program areas as fundraising initiatives and technology.

Donor Funds Invested
5 Years Average (2018 - 2022)
As per Audited Financials



Financials

2022

Statement of Financial Activities

For the 12 month period ending December 31, 2022 (\$ in 000s)

	2022	2021
Revenues		
Foundation and Corporate	\$ 270,150	\$ 181,415
Earned Income (co-op support contracts & fee for service)	\$ 339,008	\$ 248,589
One Time Program Investment*	\$ 305,721	\$ -
Government	\$ 239,660	\$ 355,270
Total Revenue	\$ 1,154,539	\$ 785,274
Expenses		
Program	\$ 846,535	\$ 490,798
Administration	\$ 201,635	\$ 155,919
Fundraising	\$ 55,812	\$ 19,821
Total Expenses	\$ 1,103,982	\$ 666,538
Net Income	\$ 50,556	\$ 118,736
Beginning Net Assets	\$ 220,398	\$ 101,559
Ending Net Assets	\$ 270,953	\$ 220,398
Change in Net Assets	\$ 50,555	\$ 118,736

Financials

2022

Statement of Financial Position

For the 12 month period ending December 31, 2022 (\$ in 000s)

ASSETS	2022	2021
Current Assets		
Bank Accounts	\$ 229,095	\$ 239,401
Accounts Receivable	\$ 250,505	\$ 155,530
Other Current Assets	\$ 151,905	\$ 5,516
Total Current Assets	\$ 573,342	\$ 400,447
Total Net Contract for Title	\$ 30,055	\$ 69,934
TOTAL ASSETS	\$ 661,560	\$ 470,381
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities	\$ 91,406	\$ 42,839
Long-Term Liabilities	\$ 56,853	\$ 107,144
Total Liabilities	\$ 148,259	\$ 149,983
Equity		
Restricted Funds	\$ 242,347	\$ 100,000
Unrestricted Net Assets	\$ 220,398	\$ 101,559
Net Revenue	\$ 50,556	\$ 118,839
Total Equity	\$ 513,301	\$ 320,398
TOTAL LIABILITIES AND EQUITY	\$ 661,560	\$ 470,381

NCF

Board & Staff

Board

Sarah Berke, *Chair*

Family Housing Fund

Bobbie Grubb, *Vice Chair*

Festival Foods

Ryan Allen, *Secretary*

University of MN | Humphrey School of Public Affairs

Pat Streeter, *Treasurer*

Park Plaza Cooperative

Brian Dahlk

Wegner CPAs

Jim Erchul

Dayton's Bluff Neighborhood
Housing Service

Noah Hobbs

One Roof Community
Housing

Benjy Nicholie

First Childrens Finance

Trisha Presley

Alliance Bank

Mar Valdecantos

Rice County
Neighbors United

Staff

Victoria (Tory) Clark-West

Executive Director

Emily Stewart

Lending & Cooperative Development Manager

Tom Guettler

Office Manager

Michelle Dobbratz

Development Manager

Soren Stevenson

Real Estate Development Officer

Samuel Estes

Housing Program Associate

Dan Gordon

Housing Program Associate

Kathleen Richert

Housing Program Associate